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LINCOLN PARISH SALES AND USE TAX COMMISSION

Financial Statements
For the Year Ended June 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/19/03

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Lincoln Parish Sales and Use Tax Commission
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Lincoln Parish Sales and Use Tax Commission as of and for the year then ended June 30, 2003. These financial statements are the responsibility of the Lincoln Parish Sales and Use Tax Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Lincoln Parish Sales and Use Tax Commission prepares its financial statements on the modified cash basis of accounting. This basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lincoln Parish Sales and Use Tax Commission as of June 30, 2003, and the changes in its undistributed balances for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2003, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read with this report in considering the results of our audit.

Warren & Brewer CPAs APAC

September 24, 2003
Baton Rouge, Louisiana

LINCOLN PARISH SALES AND USE TAX COMMISSION
Combined Balance Sheet - Modified Cash Basis
June 30, 2003

| | Fiduciary Fund Type - Agency Fund | Account Group - General Fixed Assets | Total (Memorandum Only) |
|---|--|---|-------------------------------|
| ASSETS | | | |
| Cash | \$ 10,794 | \$ 0 | \$ 10,794 |
| Office Furnishings and Equipment | 0 | 40,868 | 40,868 |
| Total Assets | <u>10,794</u> | <u>40,868</u> | <u>51,662</u> |
| LIABILITIES | | | |
| Accounts Payable and undistributed funds | 4,821 | 0 | 4,821 |
| Due to other agencies - interest income held for future distribution to: | | | |
| City of Rapon | 1,661 | 0 | 1,661 |
| Lincoln Parish Police Jury | 1,108 | 0 | 1,108 |
| Lincoln Parish School Board | 2,043 | 0 | 2,043 |
| City of Grambling | 88 | 0 | 88 |
| Town of Dubach | 13 | 0 | 13 |
| Rapon/Lincoln Commission & Visitors Bureau | 35 | 0 | 35 |
| Taxes and interest held in protest | 107 | 0 | 107 |
| Total Liabilities | <u>10,794</u> | <u>0</u> | <u>10,794</u> |
| EQUITY AND OTHER CREDITS | | | |
| Investment in general fixed assets | 0 | 40,868 | 40,868 |
| Total Equity and Other Credits | 0 | 40,868 | 40,868 |
| Total Liabilities, Equity and Other Credits | <u>\$ 10,794</u> | <u>\$ 40,868</u> | <u>\$ 51,662</u> |

The accompanying notes are an integral part of these financial statements.

LINCOLN PARISH SALES AND USE TAX COMMISSION
Fiduciary Fund Type - Sales Tax Collection Agency Fund
Schedule of Changes in Undistributed Balances - Modified Cash Basis
For the Year Ended June 30, 2013

Additions:

| | |
|--------------------------------------|-------------------|
| Sales and use tax | \$ 20,040,483 |
| Hotel/Motel tax | 198,445 |
| Excise tax | 3,342 |
| Sales and use tax audits | 234,883 |
| Audit fees collected | 27,979 |
| Reimbursement for operating expenses | 168,708 |
| Legal fees and court costs collected | 18,964 |
| Interest received | 38,796 |
| Total Additions | <u>20,714,700</u> |

Distributions:

| | |
|---|-------------------|
| City of Ruston | 7,194,790 |
| Lincoln Parish Police Jury | 4,177,070 |
| Lincoln Parish School Board | 10,638,523 |
| City of Grambling | 394,289 |
| Town of DeBach | 45,568 |
| Ruston/Lincoln Convention & Visitors Bureau | 290,908 |
| Total Distributions | <u>22,951,138</u> |

Other Disbursements:

| | |
|--|----------------|
| Operating expenses | 178,723 |
| Audit fees | 75,904 |
| Legal fees | 228,154 |
| Refunds, bank service charges, and other | 32,274 |
| Total Other Disbursements | <u>494,455</u> |

Additions less distributions and other disbursements (2,330,896)

Undistributed balances at beginning of year 2,341,680

Undistributed balances at end of year \$ 30,794

The accompanying notes are an integral part of these financial statements.

LINCOLN PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln-Ruston Sales and Use Tax Division was created as a joint venture of the City of Ruston and Lincoln Parish School Board in 1967 to serve as an agency for the collection of sales and use taxes levied by the two taxing authorities. In 1975, the Lincoln Parish Police Jury became a participant in the venture. In 1993, the City of Grambling and the Town of Dubach became participating agencies in this venture. The Lincoln Parish Sales and Use Tax Commission (the Commission) was then created in December 1993. The Cooperative Endorsement Agreement authorizes the Commission as the single tax collector for the parish, to enter into agreements with any other public bodies located within Lincoln Parish for the collection of any sales and use taxes and hotel/motel taxes authorized by such other public bodies, beginning January 1, 1994. The operations of the Commission are under the direction of an administrator appointed by the five participating agencies. The appointment of the administrator can be revoked by a majority vote of the five agencies. The five agencies established the Commission composed of eight members, two from City of Ruston, Lincoln Parish School Board, and Lincoln Parish Police Jury, and one member each from City of Grambling and Town of Dubach. The Commission has the authority and is empowered to collect, enforce and administer the respective sales and use taxes and hotel/motel taxes of the various parties to this agreement. By mutual consent, these five authorities and the Ruston/Lincoln Convention and Visitors Bureau share in the costs of operation of the Commission and is subsequently reimbursed, on a monthly basis, by the City of Ruston, Lincoln Parish School Board, Lincoln Parish Police Jury, City of Grambling, Town of Dubach, and the Ruston/Lincoln Convention and Visitors Bureau for their pro rata share each. The Commission guarantees no revenues, but is simply a conduit for revenues of the participating agencies.

In April 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November 1984, GASB issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for the state and local government.

For financial reporting purposes, in conformance with GASB Codification Section 2100, the Commission includes all funds, account groups, and activities that are within the oversight responsibility of the Commission. The Commission is considered a joint cooperative endeavor of the participating governmental units and, therefore, issues financial statements separate from the participants and their governmental components.

LINCOLN PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Fund Accounting

The accounts of the Commission are organized on a fund basis whereby a set of self-balancing accounts comprises its assets, liabilities, additions, distributions, and other disbursements, and other disbursements.

B. Basis of Accounting

Basis of accounting refers to when additions, distributions, and other disbursements are recognized in the accounts and reported in the financial statements and also to the timing of the measurements made, regardless of the measurement focus applied. The modified cash basis of accounting is followed by the Commission in recording additions, distributions, and other disbursements as follows:

Additions

Sales and use tax collections, interest earned on deposits, and other cash receipts are recorded in the month received by the Commission.

Distributions

Distributions are recorded in the month transferred to the recipient bodies with the exception of interest, which is accrued at year end and distributed in the first month of the next fiscal year.

Disbursements

Operating expenses, audit fees, refunds, and other cash disbursements are recorded in the month paid by the Commission.

C. Cash and Cash Equivalents

For reporting purposes, cash represents interest bearing demand deposits. Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of any other state in the union, or the laws of the United States. Further, the Commission may invest in the deposits or certificates of deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

LINCOLN PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Sales and Use Taxes - Distribution of Funds

Sales and use tax collections are distributed monthly based on the tax rates levied by each governmental body. At June 30, 2003, the following rates were in effect:

| | |
|-----------------------------|-------|
| City of Rayne | 1.75% |
| Lincoln Parish Police Jury | .75% |
| Lincoln Parish School Board | 2.00% |
| City of Grambling | 2.00% |
| Town of Dubach | 1.00% |

E. General Fixed Assets Account Group

Fixed assets of the Commission are accounted for in the General Fixed Assets Account Group. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. No depreciation has been provided on general fixed assets.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2003, the Commission's had cash and cash equivalents (bank balances) as follows:

| | |
|----------------------------------|------------------|
| Interest-bearing demand deposits | <u>\$ 10,794</u> |
|----------------------------------|------------------|

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at June 30, 2003, are secured as follows:

| | |
|-----------------------------------|---------------------------|
| Bank Balances | <u>\$ 388,567</u> |
| Federal Deposit Insurance | \$ 100,000 |
| Pledged Securities (Unencumbered) | <u>1,628,624</u> |
| TOTAL | <u>\$1,717,191</u> |

LINCOLN PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - OPERATING EXPENSES

The Commission's employees are covered under the Lincoln Parish Police Jury's benefit and retirement systems. As discussed in Note 1, the six participating agencies share the operating expenses of the Lincoln Parish Sales and Use Tax Commission on a pro-rata basis. The operating expenses of the Commission for the 12 months ended June 30, 2003, were approximately \$176,721, which is approximately 8% of tax collections.

NOTE 4 - FIXED ASSETS

A summary of changes in general fixed assets follows:

| | Balance July 1, 2002 | Additions | Deletions | Balance June 30, 2003 |
|-------------------------------------|-------------------------|-----------|-----------|--------------------------|
| Office furnishings and equipment | \$ 40,268 | 0 | 0 | \$ 40,268 |

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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT ACCOUNTING STANDARDS

To the Board of Commissioners
Lincoln Parish Sales and Use Tax Commission
Baton, Louisiana

We have audited the financial statements of Lincoln Parish Sales and Use Tax Commission (the Commission), Baton, Louisiana, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 24, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Lincoln Parish Sales and Use Tax Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lincoln Parish Sales and Use Tax Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Commissioners
Lincoln Parish Sales and Use Tax Commission
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This report is intended for the information and use of management of the Commission, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than those specified parties.

Warren A. Brewer, CPA, APAC

September 24, 2003
Monroe, Louisiana